

THE INTRODUCTION OF THE TAX
CODE SECTION 415 RELIEF BILL**HON. JERRY WELLER**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 25, 1999

Mr. WELLER. Mr. Speaker, a great deal of attention is being focused on retirement security by this Congress and by the Administration. Most of us recognize the need to make saving for retirement, through private pension plans and personal savings, a priority for all Americans. And, many of us recognize that complex and irrational pension rules in the Internal Revenue Code actually discourage retirement savings. Among such rules are limits under Code section 415 they deny workers the full benefits they have earned.

I rise today to introduce legislation on behalf of workers who have responsibly saved for retirement through collectively bargained, multiemployer defined benefit pension plans. These workers are being unfairly penalized under limits imposed by Code section 415. They are being denied the full benefits that they earned through many years of labor and on which they and their spouses have counted in planning their retirement.

We can all appreciate their frustration and anger when they are told, upon applying for their pension, that the federal government won't let the pension plan pay them the full amount of the benefits that they earned under the rules of their plan.

For some workers, this benefit cutback means they will not be able to retire when they wanted or needed to. For other workers, it means retirement with less income to live on. And, for some, it means retirement without health care coverage and other necessities of life.

The bill that I am introducing today will give all of these workers relief from the most confiscatory provisions of Section 415 and enable them to receive the full measure of their retirement savings.

Congress has recognized and corrected the adverse effects of Section 415 on government employee pension plans. Most recently, as part of the Tax Relief Act of 1997 (Public Law 105-34) and the Small Business Jobs Protection Act of 1996 (Public Law 104-188), we exempted government employee pension plans from the compensation-based limit, from certain early retirement limits, and from other provisions of Section 415. Other relief for government employee plans was included in earlier legislation amending Section 415.

Section 415 was enacted more than two decades ago when the pension world was quite different than it is today. The Section 415 limits were designed to contain the tax-sheltered pensions that could be received by highly paid executives and professionals. The passage of time and Congressional action has stood this original design on its head. The limits are forcing cutbacks in the pensions of rank-and-file workers. Executives and professionals are now able to receive pensions far in excess of the Section 415 limits by establishing non-qualified supplemental retirement programs.

COMPENSATION-BASED LIMITS

Generally, Section 415 limits the benefits payable to a worker by defined benefit pension plans to the lesser of: (1) the worker's av-

erage annual compensation for the three consecutive years when his compensation was the highest, the so-called "compensation-based limit"; and (2) a dollar limit that is sharply reduced for retirement before the worker's Social Security normal retirement age.

The compensation-based limit assumes that the pension earned under a plan is linked to each worker's salary, as is typical in corporate pension plans (e.g., a percentage of the worker's final year's salary for each year of employment). That assumption is wrong as applied to multiemployer pension plans. Multiemployer plans, which cover more than ten million individuals, have long based their benefits on the collectively bargained contribution rates and years of covered employment with one or more of the multiple employers which contribute to the plan. In other words, benefits earned under a multiemployer plan have no relationship to the wages received by a worker from the contributing employers. The same benefit level is paid to all workers with the same contribution and covered employment records regardless of their individual wage histories.

A second assumption underlying the compensation-based limit is that workers' salaries increase steadily over the course of their careers so that the three highest salary years will be the last three consecutive years. While this salary history may be the norm in the corporate world, it is unusual in the multiemployer plan world. In multiemployer plan industries like building and construction, workers' wage earnings typically fluctuate from year-to-year according to several variables, including the availability of covered work and whether the worker is unable to work due to illness or disability. An individual worker's wage history may include many dramatic ups-and-downs. Because of these fluctuations, the three highest years of compensation for many multiemployer plan participants are not consecutive. Consequently, the Section 415 compensation-based limit for these workers is artificially low; lower than it would be if they were covered by corporate plans.

Thus, the premises on which the compensation-based limit is founded do not fit the reality of workers covered by multiemployer plans. And, the limit should not apply.

My bill would exempt workers covered by multiemployer plans from the compensation-based limit, just as government employees are now exempt.

EARLY RETIREMENT LIMIT

Section 415's dollar limit is forcing severe cutbacks in the earned pensions of workers who retire under multiemployer pension plans before they reach age 65.

Construction work is physically hard, and is often performed under harsh climatic conditions. Workers are worn down sooner than in most other industries. Often, early retirement is a must. Multiemployer pension plans accommodate these needs of their covered workers by providing for early retirement, disability, and service pensions that provide a subsidized, partial or full pension benefit.

Section 415 is forcing cutbacks in these pensions because the dollar limit is severely reduced for each year younger than the Social Security normal retirement age that a worker is when he retires. For a worker who retires at age 50, the reduced dollar limit is now about \$40,000 per year.

This reduced limit applies regardless of the circumstances under which the worker retires and regardless of his plan's rules regarding retirement age. A multiemployer plan participant worn out after years of physical challenge who is forced into early retirement is nonetheless subject to a reduced limit. A construction worker who, after 30 years of demanding labor, has well earned a 30-and-out service pension at age 50 is nonetheless subject to the reduced limit.

My bill will ease this early retirement benefit cutback by extending to workers covered by multiemployer plans some of the more favorable early retirement rules that now apply to government employee pension plans and other retirement plans. These rules still provide for a reduced dollar limit for retirements earlier than age 62, but the reduction is less severe than under the current rules that apply to multiemployer plans.

Finally, I am particularly concerned that early retirees who suffer pension benefit cutbacks will not be able to afford the health care coverage they need. Workers who retire before the Medicare eligibility age of 65 are typically required to pay all or a substantial part of the cost of their health insurance. Section 415 pension cutbacks deprive workers of income they need to bear these health care costs. This is contrary to the sound public policy of encouraging workers and retirees to responsibly provide for their health care.

THURGOOD MARSHALL UNITED
STATES COURTHOUSE

SPEECH OF

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 23, 1999

Mr. RANGEL. Mr. Speaker, I rise today to support H.R. 130, a bipartisan bill which would "designate the United States Courthouse located at 40 Centre Street in New York, New York as the Thurgood Marshall United States Courthouse."

It is most fitting to honor this great American with this distinction as he was not only the first African American Justice of the U.S. Supreme Court, but was also one of the greatest trial and appellate lawyers in this nation. It was through his knowledge, advocacy, and devotion to the cause of civil rights, that propelled Thurgood Marshall into leading the charge for equality for African Americans.

Born in Baltimore, Maryland on July 2, 1908, Thurgood Marshall graduated cum laude from Lincoln University in Pennsylvania and went on to receive his law degree from Howard University here in Washington, DC where he graduated first in his class.

In 1936, Thurgood Marshall was appointed as Special Counsel to the National Association for the Advancement of Colored People (NAACP). A short time later, he founded the NAACP Legal Defense and Education Fund.

While at the NAACP, Thurgood Marshall was successful in winning 29 of 32 cases he argued before the U.S. Supreme Court. However, the victory for which he will best be remembered, was *Brown vs. The Board of Education*, in which Marshall convinced the Supreme Court to declare segregation in public schools unconstitutional.

In 1961, President John F. Kennedy appointed Marshall to the Second Circuit Court of Appeals. After only four years of receiving this appointment, President Lyndon B. Johnson chose Justice Marshall to be the nation's first black Solicitor General. Just 2 years later on June 13, 1967, President Johnson nominated Marshall to become the first black justice of the Supreme Court where he would serve until his retirement in 1991.

As my colleagues may remember, the bill passed the House last year, but did not come to the floor of the Senate before the session ended.

As Dean of the New York State delegation, it is my hope that my colleagues here in the House on both sides of the aisle, will support H.R. 130 for I can think of no greater tribute to the late Justice Thurgood Marshall, a man who stood for integrity, justice, and equality for all.

TRIBUTE TO SCOTT ANDERSON

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 25, 1999

Mr. OBERSTAR. Mr. Speaker, I rise today to pay tribute to Scott Anderson, a Duluth resident and pioneer in general aviation. On March 23rd, Scott died at the age of 33 following a tragic crash that occurred while he was testing a new aircraft in Northern Minnesota.

Scott was fatally injured when the first SR20 airplane to come off Cirrus Design's production line, which he was piloting, crashed just short of the Duluth International Airport. The plane crash is not only a serious disappointment for Cirrus Design, but is also a tragedy for general aviation aircraft development, testing and evaluation—the most critical phase of bringing a new type and model of aircraft into the mainstream of aviation.

A major in the Air National Guard, Scott was an experienced test pilot who flew F-16s for the military, in addition to his job as Director of Flight Operations and Chief Test Pilot for Cirrus Design. Test pilots are heroes of aviation who pioneer the testing of new, pre-production aircraft to ensure that all systems comply with Federal Aviation Administration regulations. Scott made history last year when he piloted the SR20 during the first test of an innovative parachute recovery system; ironically, that safety device was not on board the aircraft he was flying at the time of the crash.

While we must await the evaluation and findings of the National Transportation Safety Board regarding the causes of the crash, we know that Scott did everything humanly possible to bring the plane down safely so that innocent lives on the ground would not be lost. I offer my heartfelt sympathy to Scott's wife, Laurie, his parents, Paul and Carol, and siblings, Catherine and Todd Anderson, as well as to the Cirrus Design team, for their loss. I hope, in their grief, they know that Scott made a profound difference to the State of Minnesota and to the national aviation community.

As a tribute to the memory and contribution Scott made to general aviation, which will benefit future generations, I submit an article written by Sam Cook that appeared in the Duluth News Tribune on March 24, 1999. Mr. Cook is

a talented writer who knew Scott Anderson for many years and with whom he shared a love of Minnesota's great outdoors.

[From the Duluth News Tribune, Mar. 24, 1999]

ANDERSON BLESSED OTHERS WITH LIFE

(By Sam Cook)

I can't recall exactly how Scott Anderson came into my life. He just appeared, and once Scott Anderson appears in your life it's never quite the same.

He and his friend Steve Baker were planning a canoe trip from Duluth to Hudson Bay. This was 1987. They were college kids home for the summer, and they didn't know exactly what they were getting into, but of course that didn't matter. They were going to go no matter what. As I recall, they borrowed a canoe that had been cracked up and patched back together.

I thought they might drown the day they left Duluth, Lake Superior was kicking up, but they were behind schedule so they made a break for it. They ended up portaging their canoe along Minnesota Highway 61 to jumpstart that trip, and you could see that nothing else was going to hold them back.

The trip was a throwback to the old Eric Sevareid and Walter Port trip that Sevareid turned into his classic book, "Canoeing with the Cree." Scott and Steve made Hudson Bay, all right, and it came as only a mild surprise when Scott returned and said he was going to write a book about the experience.

He had already built a submarine at college and paddled a broken boat to Hudson Bay.

Why couldn't he write a book?

He did, of course. And he learned to fly an F-16. And next thing you knew he was test flying airplanes for Cirrus Design.

Scott was one of the most engaging people you could ever hope to meet. He was big and blond and nearly bald, or else his hair was just so light you couldn't see it. I never was sure. But he had a countenance that told you he could handle anything that came his way, probably without blinking.

And that smile. When he unfurled that grin, a whole bunch of happiness spilled into the room and you felt better just for being in the man's presence.

He had some devilment in there, too, but only the harmless kind. There couldn't have been an ounce of meanness in that guy.

Once, out of the blue, he called and asked me if I wanted to be part of a race. He's been scheming again. There would be four of us, in two canoes, he said. The two-person teams would leave Duluth bound for different ends of the Boundary Waters Canoe Area Wilderness. We'd drive north, put in, paddle across the wilderness, exchange car keys somewhere in the middle, paddle out and drive back. First one back to Duluth wins.

I told him I couldn't make it, but it wouldn't surprise me if he pulled that off, too.

If you had a son, and he turned out to be Scott Anderson, you would have to consider yourself one lucky mom or dad. If Scott showed up at your door to date your daughter, you'd send them off happily, close the door, look at your spouse and smile. Not to worry. There was a guy you could count on.

When I heard Tuesday afternoon that a Cirrus plane had gone down, I got worried. When I learned later that night that Scott hadn't made it, I sat in my living room and bawled my guts out while my son played with his Legos.

It would not surprise me if hundreds of others did exactly the same thing I did. I'll bet Scott touched more lives in a meaningful way in his 33 years than most of us will get to in twice that. He was a brilliant, creative, remarkable guy.

I keep seeing him in my mind, and all I see is that big head and that wonderful grin and all that confidence behind it.

They say that as parents there are two things you want to give your kids—roots and wings. Scott Anderson had both, but he was partial to the wings.

I hope he's still flying somewhere.

WOMEN'S HISTORY MONTH

SPEECH OF

HON. STEPHANIE TUBBS JONES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1999

Mrs. JONES of Ohio. Mr. Speaker, I would like to thank Representative BARBARA LEE of California for organizing this Special Order on behalf of the Congressional Black Caucus to honor Women's History Month and to celebrate the contributions of Women of Color.

As the newest member of the Congressional Black Caucus and as a former municipal Judge and Prosecutor for Cuyahoga County, I wanted to use this time to honor my former colleagues of the Cuyahoga County Judicial system who have served as a source of inspiration for me for many years. They are my friends, colleagues and more importantly my sistahs.

Each of these women are trailblazers in their own right who deserve to be recognized for their years of dedication to serving, protecting and upholding the laws of Ohio and our Nation.

The first person I want to honor is Judge Lillian Burke the first black woman judge in Ohio. Judge Burke is a graduate of Ohio State University and received her JD from Cleveland State University. She was admitted to the Ohio bar in 1951 and began practicing general law from 1952–1962.

Ms. Burke was an assistant Attorney General for Ohio as well as a member of various professional and civic organizations. She was appointed to the Cleveland Municipal Court where she eventually became Chief Judge.

Jean Murrell Capers: Judge Jean Capers graduated from Case Western Reserve University in 1932 and earned her JD from Cleveland Law School in 1944. She was admitted to the Ohio bar in 1945 and began practicing law that same year. Ms. Capers ran unsuccessfully three times for the Cleveland City Council before she won in 1949. She was elected four subsequent times to two year terms.

She also worked for the Phillis Wheatley Association and became involved in community endeavors, including lobbying for a federal anti-lynching bill.

In 1977, Ms. Capers was appointed Cleveland Municipal Judge and was re-elected but was forced to retire in 1986 because of an Ohio law that requires Judges to retire at age 70.

Judge C. Ellen Connally, the senior Judge of the Cuyahoga Municipal Court, is a graduate of Bowling Green State University and received her JD from Cleveland State University as well as a Masters of Art degree in American History from Cleveland State and she is currently enrolled in the Ph.D. program in American history at University of Akron.

Judge C. Ellen Connally was first elected to the bench in 1985, elected beginning in 1985 to Cleveland Municipal Court and is currently